

Message Text

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ACTION EB-07

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC NIACT IMMEDIATE 5183

WHITE HOUSE NIACT IMMEDIATE

INFO AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L LONDON 10032

FOR DELIVERY AT OPENING OF BUSINESS JUNE 17

WHITE HOUSE FOR JOHNSTON

PASS DOT FOR JEWELL, DAVENPORT, KAMM

OTTAWA FOR TRIMBLE

E.O. 11652: GDS

TAGS: EAIR,UK

SUBJECT: US-UK CIVAIR NEGOTIATIONS: PRESS GUIDANCE

1. USDEL RECOMMENDS WHITE HOUSE (JOHNSTON), DEVELOP
RESPONSE TO QUESTION IN PARA 6, 7 BELOW.

2. USDEL RECOMMENDS FOLLOWING FOR USE AT DEPT NOON
PRESS BRIEFING JUNE 17. SUGGESTS STATE, DOT PRESS
OFFICER CONFER IN PROVIDING APPROPRIATE GUIDANCE FOR
POSSIBLE WHITE HOUSE USE.

3. Q. WHAT IS STATUS OF US-UK AVIATION TALKS?
A. THE SITUATION CONTINUES TO BE FLUID. NEGOTIATIONS
ARE CONTINUING IN LONDON, WITH MEETINGS SCHEDULED FOR
BOTH THIS MORNING AND THIS AFTERNOON. THE NEGOTIATIONS
ARE ENTERING THEIR FINAL PHASE. WHILE WE HAVE INDICA-
TIONS THAT FURTHER PROGRESS ON CENTRAL ISSUES IS
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POSSIBLE, THE TWO DELEGATIONS CONTINUE TO DISAGREE ON
POINTS EACH REGARDS AS FUNDAMENTAL.

4. Q. WHAT ARE THE REMAINING MAJOR ISSUES OF
DIFFERENCE?

A. DEVELOPMENT OF AN APPROPRIATE CAPACITY CONTROL
MECHANISM HAS BEEN MOST DIFFICULT. THE ORIGINAL US

POSITION WAS THAT THE CAPACITY PROVISIONS OF THE CURRENT AGREEMENT ARE ACCEOTABLE; THEY PROVIDE FOR CONSULTATIONS IN THE EVENT THAT AN AIRLINE HAS OFFERED EXCESSIVE CAPACITY ON A ROUTE. THIS MECHANISM HAS BEEN INVOKED ON A NUMBER OF OCCASIONS, RESULTING IN A CUTBACK IN CAPACITY OFFERINGS FOR SUBSEQUENT SEASONS. THE UK SIDE HAS FROM THE BEGINNING OF THE NEGOTIATIONS INDICATED ITS VIEW THAT THIS PROVISION FOR EX POST FACTO REVIEW HAS NOT WORKED ADEQUATELY. ACCORDINGLY, THE US HAS ADVANCED A SERIES OF PROPOSALS TO PROVIDE A MECHANISM FOR GUARDING AGAINST UNFAIR COMPETITIVE CAPACITY PRACTICES. WE, LIKE THE UK, SEEK EFFICIENT USE OF FUEL AND OTHER RESOURCES. THUS NEITHER OF US WANTS TO SEE EXCESSIVE CAPACITY. HOWEVER, A CAPACITY MECHANISM THAT WOULD OPERATE IN A MANNER TO PRE-DETERMINE OR REGULATE MARKET SHARE IS ADVERSE TO THE PUBLIC INTEREST; THE US HAS MADE CLEAR THAT WE CANNOT ACCEPT SUCH A MECHANISM.

5. Q. ARE THE ROUTE SCHEDULES AGREED?

A. ONLY BETWEEN THE UNITED STATES AND BERMUDA. ON THE MAJOR ROUTES ISSUES, DISCUSSIONS ARE CONTINUING.

6. Q. THE FINANCIAL TIMES OF LONDON THIS MORNING REPORTED THAT PRESIDENT CARTER AND PRIME MINISTER CALLAGHAN DISCUSSED THIS WEEK THE CIVIL AIR NEGOTIATIONS BY TELEPHONE. WHAT WAS SAID?

A. (SUGGEST JOHNSTON COORDINATE RESPONSE. IN PREPARING RESPONSE YOU MIGHT WANT TO REVIEW BOYD MEMO ON CARTER-CONFIDENTIAL

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CALLAGHAN APRIL 29 TELECON, TRANSCRIPT OF PRESIDENT'S APRIL 29 INTERVIEW WITH BOARD OF DIRECTORS OF RADIO-TV NEWS DIRECTORS ASSOC.)

7. Q. WERE NEW INSTRUCTIONS ISSUED TO AMB. BOYD IN LONDON?

A. AMB. BOYD HAS BEEN IN REGULAR COMMUNICATION WITH WASHINGTON SINCE THIS ROUND OF TALKS BEGAN IN LONDON ON MAY 16.

BREWSTER

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